

**LOUIS GILBERT & ASSOCIATES, INC.**

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February 15, 2001

Honorable Philip N. Asprodites  
Commissioner of Conservation  
P.O. Box 94275, Capitol Station  
Baton Rouge, Louisiana 70804-9275

RE: Application Notice  
12,700' Sand, Reservoir A  
EAST LAKE ARTHUR FIELD  
Jefferson Davis Parish, Louisiana

Dear Sir:

Watson Energy, L.L.C., ("Applicant") hereby makes application to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating the 12,700' Sand, Reservoir A, in the East Lake Arthur Field, Jefferson Davis Parish, Louisiana.

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the 12,700' Sand, Reservoir A, in the East Lake Arthur Field, Jefferson Davis Parish, Louisiana.

2. To create a single drilling and production unit for the exploration for and production of gas and condensate.

3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit, with each tract sharing in unit production on a surface acreage basis of participation.

4. To designate a unit operator and a unit well for the unit so created.

5. To provide that any future replacement or alternate unit wells drilled to the 12,700' Sand, Reservoir A, should be exempt from the spacing provisions of Statewide Order No. 29-E.

6. To provide that the Commissioner of Conservation should be authorized to reclassify the reservoir by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation.

7. To consider such other matters as may be pertinent.

The 12,700' Sand, Reservoir A, is hereby defined as being that gas and condensate bearing sand encountered between the depths of 12,671 feet and 12,691 feet (electrical log measurements) in the Watson Energy, L.L.C. - Gauthier et al No. 1 Well, located in Section 37, Township 10 South, Range 3 West, in East Lake Arthur Field, Jefferson Davis Parish, Louisiana.

The pre-application conference was held as scheduled in the pre-application notice dated January 4, 2001. A copy of the list of the parties that attended the conference is attached hereto. The conference was opened by Mr. Doffie Ross who also explained the basis of the applicant's unit proposal. Mr. Charles Smith presented a counter proposal on behalf of Hilton Watson. As a result of discussions held at the pre-application conference and discussions held subsequent to the conference, the Applicant has been able to resolve their differences with the representatives of Hilton Watson and Claude Breaux.

Attached hereto is a copy of the resulting revised unit proposal. Any party in receipt hereof wishing to confer concerning the attached revised proposal should contact the offices of the undersigned immediately.

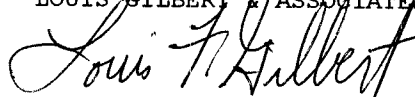
All pertinent data relating to the subject application is available for inspection at the Offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Blvd., Suite 204, Metairie, Louisiana 70002. Any person wishing to inspect such data should contact the undersigned at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of the electrical log obtained from the Watson Energy L.L.C. - Gauthier No. 1 Well is available for purchase from Cambe Geological Services, Inc., 3337 N. Hullen St., Suite 200, Metairie, Louisiana, 70002, (504) 779-7367.

The Applicant will provide for posting a copy of the Legal Notice of this hearing and a copy of the enclosed plat at a prominent place in the area affected by this application and will cause the publication of the Legal Notice in a newspaper published in the general area of the East Lake Arthur Field. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties all in accordance with the Revised Rules of Procedure.

There is attached hereto and made a part hereof, a plat outlining the proposed unit and a list of names and addresses of the Interested Parties, Interested Owners and Represented Parties to whom this notice is being sent. Pursuant to the Revised Rules of Procedure, such list of Parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. The aforementioned list is available upon request to any Interested Party. A reasonable effort was made to ascertain the names and addresses of all Interested Parties, Interested Owners and Represented Parties as required by the Revised Rules of Procedure.

There is enclosed herewith on behalf of the Applicant a check made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,  
LOUIS GILBERT & ASSOCIATES, INC.



Louis F. Gilbert

cc: Mr. Richard Hudson (w/enclosures)  
Office of Conservation  
P.O. Box 51285 OCS  
Lafayette, Louisiana 70505

Mr. Bob Martin (w/enclosures)  
Watson Energy, L.L.C.

Interested Parties, Interested Owners  
and Represented Parties (w/plat)

